

Wheat — War and Submarines



*every crop
every year
every time*
AN ADDRESS BY
H. G. L. STRANGE,

Director,

Research Department, Searle Grain Company, Ltd.

TO THE

CANADIAN CLUB
REGINA, SASKATCHEWAN.
OCTOBER 6th, 1939.



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ADDRESS TO THE CANADIAN CLUB,
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FRIDAY, OCTOBER 6th, 1939

By

H. G. L. STRANGE,

Director,

Research Department, Searle Grain Company, Ltd.,
Winnipeg, Manitoba.

Wheat - War - Submarines

Wheat unquestionably is man's most important single food-stuff, and in spite of surpluses which occasionally have appeared in some years and in some countries, I do not believe there has ever been a single year in the recorded history of mankind when enough wheat was produced to meet the needs of all the hungry mouths that badly needed it.

In times of war wheat is even more important than in peace times, and can be regarded I for one believe, as "The world's most important war munition."

My study of history leads me to believe that wars have often been fought because people have suffered because drought or rust or some other trouble caused a lack of wheat, and so nations have attempted to seize wheat or the land that grew wheat, from other nations which had larger supplies or were more favourably situated.

Also I find that at times battles and wars have been lost because of insufficient supplies of wheat for the armies.

When war was declared in August, 1914, neither Canada nor the world at large had very much of a wheat surplus. Observing the ships which were sunk by enemy action, submarines, mines and so forth, and considering the large number of men who in Great Britain, France and other countries were withdrawn from agriculture for service in the Armies, many became doubtful, during the last war, as to whether there would be sufficient wheat and other foodstuffs available to feed the Armies and the civilian population.

But fate, it seems, was kind to the Allies during the last war, for the 1915 Western Canadian crop was no less than 232 million bushels greater than it was in 1914. The United States crop, too, was 100 million bushels more than in 1914, and the Australian crop was about 80 million bushels more than normal. These extra supplies of wheat, provided in 1915 principally by Canada, were a veritable godsend to the Allies, and did much to ensure eventual victory.

At the start of this war, fortunately for all, the world has one of the largest surpluses of wheat ever recorded. At this moment the world has about 550 million bushels more than the amounts of wheat which are usually present at this time of the year in the bins of the world, and, fortunately for us, the great bulk of this large surplus lies in the bins, either of the Allied countries, or of great neutral countries where our enemies will not have easy access to it.

Canada today holds the greater part of the world's valuable wheat surplus, having now, it is estimated, about 420 million bushels of wheat to supply a demand for Canadian wheat from the whole world during this coming year that is estimated will be about 180 million. So it can be said that our Western Canadian farmers have made a fine contribution towards achieving victory for the Allies in this war, just as they did in the last war, by producing a large quantity of the most valuable munition of war, i.e. wheat.

PRICE NOW LESS THAN COST OF PRODUCTION

Here, however, it appears we meet with a curious situation. Had Canadian farmers produced much less of this valuable surplus, then the price they would be receiving would be considerably higher than it is. Our farmers, therefore, are suffering a penalty because they have produced a generous quantity of this most important war munition, wheat, so valuable to the Allies.

I think this same curious situation does not hold good for any other war munition, at least to anything like the same extent. During the last war I had some experience in the Ministry of Munitions in the production of shells, and I know it was the custom there, when a contract was made with a manufacturer to produce a certain number of shells per month, to give him an extra bonus per shell if he produced more than the contract called for, but here with our farmers, apparently this principle works in reverse, for our producers receive a lower price for their wheat because they have produced more!

I draw attention to this because the despatches from Great Britain tell us that the Government there is already setting the prices of a number of commodities and raw materials which it is purchasing, and it has already set a price for wheat produced in Great Britain. I have no doubt, therefore, but that sooner or later the Governments of Great Britain and of Canada may consider the setting of a price for Canadian wheat exported to Great Britain. Now should this time come, someone will have to decide what would be a fair price for this valuable Canadian wheat, this splendid munition of war, so badly needed by the Allies for their armies and civilian populations. The man who has to set the price is not to be envied, for whatever he does is certain to displease many, and past experience in Western Canada shows that even talking about a price for wheat seems to incite a good deal of passion and prejudice. However, I will be bold enough, to incur this risk and to draw attention to one or two tangible facts. We can take, for instance, the 1913-1914 price for wheat, which was 87½ cents for No. 1 Northern in store Fort William, and which many thought at least a fair price, although none thought it was too great a price. Then we can consider that the price of all the essential things Western farmers have to buy for living and production, as revealed by the Searle Index (which is computed and published monthly) has risen since 1913-1914 by 31%. Or in other words it costs our Western farmers today 31% more for living and production than it did in 1913-1914, and for the same goods and materials and of the same quality. (The records of the last war indicate that the cost of living and production to farmers will probably rise steadily still further as this war proceeds.)

Taking 87½ cents and adding to it 31 percent (to make up for the increased cost of living) comes to approximately \$1.15, which I believe is the price farmers would have to receive now for No. 1 Northern in store Fort William, in order for them to enjoy the same standard of living, and no higher, as they had in 1913-1914.

The British Government considers apparently that British wheat is worth \$1.30 a bushel in Great Britain, for this is the equivalent in Canadian money, at par, which the British Government now guarantees to the British farmer (10 shillings for 112 pounds). If from \$1.30 in Great Britain we deduct the charges from Fort William to Liverpool, i.e. approximately 17 cents a bushel, then we find that this comes to \$1.13 at Fort William. Or in other words, if the British Government were to pay for Cana-

dian wheat landed at Liverpool, the same price that it pays the British farmers for British grown wheat, it would be the equivalent to \$1.13 a bushel of No. 1 Northern Fort William, or not very different from the \$1.15 as calculated by taking the 1913-1914 price, and adding to it the percentage increase of the cost of the things Western farmers have to buy for living and production. There would, however, be one difference, which would be that Canadian wheat would be of better quality at that price to the British Government than the British home-grown wheat it is now purchasing.

The United States Department of Agriculture have made a study into the price of wheat, and President Roosevelt himself recently indicated he was convinced that in all fairness to farmers, that wheat should enjoy the same price parity now that it had in 1913-14. By this he meant that a bushel of wheat should have the same purchasing power now over the things farmers buy, as it had in 1913-14.

This means, President Roosevelt stated, that the price of wheat should be between \$1.15 and \$1.20 a bushel, which again is very close to our own estimate, of a suggested fair price, of \$1.15 for No. 1 Northern in store Fort William.

I am merely drawing attention to these facts in case sooner or later the British and the Canadian governments should consider the setting of a price for Canadian wheat delivered at Liverpool. What the price should be, personally I do not pretend to say, but I do know most definitely that the present price of 70 cents a bushel is far below the cost of production, and of maintaining anything like a decent standard of living for our farming families.

It might be argued that the present price of 70 cents is not only the Canadian Government board price, but that it is also very close to the price that the World's open markets indicate is correct, according to the factors of supply and demand. This is true, and my only answer is that everything in war is different; that Great Britain and her Allies dare not take any chances on their future supply of wheat, and that nobody knows what next year's crops will be like, for already there is talk of a great drought in the United States and in Russia, and that if the present low price of 70 cents is maintained, (which price is much below the cost of production) it certainly will mean that many Western farmers will be forced out of the business of growing wheat, and so acreage

and hence supplies from Western Canada next year might be greatly curtailed, and should the present drought in the United States' winter wheat belt, and the reported drought in Russia continue, and should we experience a dry year in Western Canada—it could easily happen, we already have a dry fall—then Great Britain and her Allies, and their war efforts to achieve victory, might be seriously handicapped by a lack of wheat.

BRITISH PEOPLE ARE FAIR

Then, too, I have great faith in the inherent fairness of the British people, and I do not believe, if they really understood the difficulties which our Western farmers have endured during the recent drought years, and the low standard of living to which they are now forced with 70 cent wheat, that the British people would desire to have this most valuable foodstuff, this fine war munition, sold to them at less than the cost of production. I am sure, therefore, if properly approached, that the British Government and the British people would be more than willing to pay a reasonable and fair price for that amount of Canadian wheat which they and their Allies will use during the present war period.

One other word on this matter. Some have said they believe that even though the cost of living and production has gone up since 1913-1914 by 31%, that our wheat growers are now using improved efficient labour-saving devices, so that in spite of the increase in the cost of the things they buy, our farmers can produce a bushel of wheat today as cheaply as they did in 1913-1914, or say at 87½ cents a bushel.

My answer to this is that I am sure the belief is entirely erroneous. In the first place my study of the West convinces me that considerably more than one half of our farmers are using today the same type of implements that they used in 1914, and are producing wheat in the same way, on the same type of land, and under the same conditions also as they did in 1913-1914, and that therefore their cost of production, if it was 87½ cents in 1913-1914, is most certainly around \$1.15 for No. 1 Northern in store Fort William today.

Then with respect to the large scale fully mechanized farms operated on the great flat semi-arid plains, mainly south of the C.P.R. line in Saskatchewan and in Alberta, I think here that the costs of producing wheat have been judged too much by the results achieved in one favourable year alone with good rainfall

which gave high yields, and where moreover too the climatic conditions that year were favourable for large scale operations, but I am convinced myself that over a term of years, the cost of the production of wheat, all things considered, on this type of farm, is very little, if any, less on the average than it is on the smaller more northerly farms, for the simple reason that the great flat plains' area is much more subject to drought, and to complete crop failure, than the more northerly areas. The amount of unpaid mortgages on these large mechanized farms, and the number of large farms repossessed by creditors alone indicates, I suggest, that there is merit in this point of view.

HOW MUCH CANADIAN WHEAT WILL BE NEEDED

How much of this Canadian wheat will be demanded? The probability is that as far as can be seen there will be shipped to neutral countries no more and no less than the usual amount, unless enemy action against ships carrying Canadian wheat becomes more severe than it is at present.

The purchases that will be made by Great Britain and her Allies, however, will be influenced by a number of extraordinary war factors, some of which are as follows: Vessels carrying wheat may be sunk—Stores of wheat in Great Britain and France may be destroyed by enemy bombing—Because Great Britain will be drawing heavily upon the United States for many raw materials and perhaps munitions other than wheat, and because there is a limit to the gold, foreign exchange and American dollars available to Great Britain, she will tend to reduce purchases of wheat from the United States, and so will tend no doubt to purchase more from Canada—Soldiers and industrial workers in war time put out more physical exertion than the same number of people do in peace time, and so they consume more food. The last war revealed that this resulted in an increase in the consumption of bread by soldiers and industrial workers.

These factors will undoubtedly tend to increase the demands for wheat from Canada.

On the other hand high military strategy will undoubtedly require Great Britain and France to purchase certain quantities of wheat from countries other than Canada in order that this

wheat may not be available to the enemy. The British Government are offering a bonus to British farmers to plough under land now in grass and to put it into wheat—Great Britain today sells a vast amount of manufactured goods and other products to the Argentine, and her real longtime payment for this is partly in wheat. Great Britain will certainly not feel inclined to have this trade with the Argentine curtailed very much.

These latter factors all will tend to curtail the amount of wheat which Great Britain will demand from Canada.

Weighing all these factors and influences together it becomes apparent that no one can forecast the final amount of wheat which Great Britain can take from Canada, the truth being that the great march of military and political events will prove more decisive than any decision which Great Britain or Canada at this moment could possibly make, and we shall no doubt find that great events as they unroll themselves will make the final decision.

All this refers to the quantity of wheat which Great Britain and her Allies might purchase from Canada, and which would not seem to be within the control of Great Britain or France or Canada.

THE STORY OF THE SUBMARINES 1914-1918

The one factor of all these mentioned, that will have the greatest effect on influencing any changes from the normal demand for Canadian wheat will be the action of enemy submarines. We cannot tell what these losses will amount to, but it might be interesting to review what the submarines did to shipping during the last war. The official facts are as follows: The world started the last war, 1914, with approximately 35 million tons of shipping, of which the United Kingdom owned 21 million tons. The Germans sunk 13 million tons, or approximately one-third of the total world's tonnage. The exact number of vessels they sank was 6,604. These sinkings would have been more than sufficient to have starved England had it not been for the fact that the world, during this time, was continually making new ships, so that by the end of the war the world's total tonnage was 33 million tons, or not far from what it started with.

Towards the latter part of 1917 the Allies started convoying ships, and the losses from then on were very small. We are told that 90,000 vessels were convoyed and only 436 of them were lost, or less than 1%.

We start this war 1939 with a total world's shipping tonnage of no less than 68 million tons of which the British own about the same tonnage as in 1914, i.e. 21 million tons.

Now what about the submarines? Lord Jellicoe, Admiral of the British Fleet, informed us that from the start of the war to the finish the Germans had completed and had in use 326 submarines of all classes. The Allies sank, captured or caused to be interned, a total of 186, and as Mr. Churchill, First Lord of the Admiralty in the last war, as he is in this war, told us "Towards the end of the war it was the submarines finally that were hunted and destroyed and not our merchant ships."

Now what are the shipping losses by submarines likely to be in this war? At the moment we cannot tell. German submarines are larger and more efficient now than they were. Also now they can lay mines very effectively. On the other hand methods of hunting them, of detecting and destroying them too, are much more efficient. Only time, therefore, can tell. Already several ships carrying grain from North America have been sunk, but we are told that it is estimated that about one-third of all the German submarines in commission have been sunk in the first month of the war. The situation, therefore, will be interesting to watch.

VICTORY WILL REQUIRE EVERYONE'S BEST EFFORTS

This war, I believe, will be bitter, cruel and bloody, and probably long, and that victory for the Allies will require every effort that every citizen in all the countries of the Empire can put forth. Many thousands of young men will be killed and probably five times as many will be wounded. Workers of every kind, making munitions, equipment and supplies, will have to put forth their best and unremitting efforts. People with wealth will be taxed to the limit. I have calculated that it requires approximately 20 non-combatants or civilians working hard, to supply the munitions, equipment and materials needed for every soldier in uniform.

I have suggested, and I do not think I shall be seriously contradicted, that our Western farmers have already made a most splendid and patriotic contribution towards eventual victory, by the valuable and large supplies of wheat they have produced and so made available to the Allies, and I feel sure it will require exactly the same kind of intense and patriotic effort on the part of everyone else; and of course this effort will be forthcoming,

regardless of the sacrifices required, for there is one thing in Canada we must remember, which is that no matter what comes to us, and no matter what hardships we are called upon to endure, **we are not under shellfire, and we are not being bombed.** People can stand a great deal, and can "carry on" with their work if they do not have to suffer shellfire and bombing, as every old soldier who went through the last war I am sure will agree.

It is obvious, however, that people are inspired to put forth better efforts in wartime if they have an assured feeling that they are working and fighting for a worthy cause; so it might be well for us to inquire carefully into just what it is that we are all fighting for.

WHAT ARE WE FIGHTING FOR ?

It cannot I believe, be said too often that we have no quarrel with the people of Germany, still less with those people of German origin who are working and living peacefully in this country of Canada. As I see it we are fighting for Great and Worthy Things; for precious virtues which are woven inextricably into our very being, and which virtues in general terms we usually describe by the words Freedom or Liberty, and sometimes by the expression Democracy.

We are fearful that unless we win this great Crusade upon which we have embarked that these precious things, which are a heritage that have been handed down to us by our forefathers for safekeeping, may be lost to us forever. You will remember the English thinker, Nevinson, once reminded us that "Freedom is a thing we have to conquer afresh for ourselves, like love, every day; and that we are always losing freedom, just as we are always losing love; because after each victory we think we can settle down and enjoy it without further struggle. . . The battle of freedom is never done and the field never quiet."

And Francis Beaumont and Philip Massinger wrote, as far back as 1620—"This liberty is not a word, but is a substantial thing, which, if once taken from us, all other blessings leave us; it is a jewel worth purchasing at the dear rate of life, and so to be defended"

Now what exactly are these blessings covered by the words Liberty and Freedom, that Nevinson, Beaumont and Massinger thought so precious, that they were worth defending, worth fighting for, at the dear rate of life itself? Well, for one thing these blessings are like some other precious things in life, the value of which is seldom realized until they have been lost, and usually seldom even thought about until we are reminded that there is a danger they may be taken from us.

Having Liberty or Freedom means, for instance, having the right, which is enjoyed today by every farmer, to plough to seed and to summerfallow his own land as he pleases; to plant whatever crop he wishes, to market his products or to withhold them from market, according to his own judgment, to leave his farm when he desires, to take his vacation as his work will permit, and to visit neighboring villages, towns, cities and even foreign countries. It means, too, the right of the farmer to assemble with his neighbors, and to engage in debates and discussions, to criticize the actions or policies of his Government to his heart's content, and if he feels the Governmental actions or policies are not in his own best interest, then to protest vigorously against them and even to combine with others if he so desires, in order to endeavour to elect a different Government whose policies may be more to his liking.

Liberty or Freedom for merchants, professional men or industrialists means they can engage in any business when or where in their own judgment the opportunity presents itself. It means also that all the people shall have a right to save money if they can, and to invest that money where and when they please, at home or abroad.

And so we are engaged today in a mighty struggle, because we are frightened that these precious rights and privileges and blessings, called by the general terms of Liberty and Freedom, may be taken from us, and that a form of Government may be imposed upon us such as already has been imposed upon millions of people in those countries with which we are now at war. We are frightened that our own free will and that the right to make free decisions may be taken from us, that we shall merely have to "toe the mark" and act in precisely the way as laid down for us by a Governmental functionary, that the greater part of the wealth which we produce may be taken from us, and that the money we

might be able to save will have to be expended in a way set out exactly and precisely by the State. In other words we are fighting to ensure that the Government, the State, shall continue to be the servant of the people, and that the citizens, who form the nation, shall not merely be the passive tools of the State. And what is of much greater importance, we are also fighting to ensure that each individual shall have the right to worship his God freely and in any way that he desires.

These are all among the many rights and privileges which were won for us long ago by our ancestors, and which our forefathers have fought for from time to time in order to preserve. Our forefathers have ever agreed with William Wordsworth, the great English poet, who wrote in 1803:—

*"It is not to be thought of that the Flood
Of British freedom . . .
That this most famous stream . . .
Should perish; . . .
We must live free or die, who speak the tongue
That Shakespeare spake."*

And so we in Canada, standing steadfastly alongside our fellow Empire citizens, are quietly informing the world that we too would prefer to die rather than to lose these Liberties, these Rights and Privileges, these Blessings to which we have been accustomed to enjoy freely in our daily life for so many long years past.

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THE KIND OF PEACE NEEDED

Some day, with the help of the intensive efforts of every citizen of this country of Canada, the victory we are so energetically striving for, will, without question, be won, and then it seems to me that there is something that will have to be done, which was not done when the last peace was made, which is that the soldiers who have bled and suffered and risked their lives, and the farmers who represent the bulk of the people in the world, and who produce the foodstuffs for the nations, shall themselves, through their representatives, have something to say about the kind of peace which is to be made. That it shall not be merely a political peace arranged only by politicians, but that in addition economic justice shall be done even to those people who for the

moment we are fighting against, and that the underfed and under-nourished people of Europe and other areas shall be permitted to obtain the wheat and the foodstuffs and other products they require from Canada and elsewhere, in return for the goods and materials which they themselves manufacture or have to offer. That those economic barriers, which many think are the very root of the world's troubles and wars, shall be removed.

In short I believe that the opportunity should be seized by the right-thinking people of the world, who are possessed of good minds and of kindly hearts, to see to it that the simple human goodwill inherent in the hearts of all may be permitted to start flowing in a great tide throughout the world, and that no individual nation shall be allowed to put into effect national policies to better itself, if at the same time these policies bring untold misery to millions of people who live in other parts of the world.

If this is done, then truly, I for one believe, will the world have a just and lasting peace.

Short Library of Caricatures

